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**THREE EX-EXECUTIVES OF OXFORD CAPITAL  
INDICTED IN ALLEGED \$50 MILLION FRAUD SCHEME**

CHICAGO -- Federal agents today arrested one of three former executives of Oxford Capital Corp., a defunct factoring company in Chicago, who were indicted last week in an alleged \$50 million fraud scheme involving business transfers of fictitious telephone call accounts receivable. The indictment alleges that the defendants – **Lloyd J. Baretz**, president of Oxford, and **Jeffrey T. Reynolds** and **Daniel T. Zapton**, both Oxford vice presidents, defrauded the Royal Bank Export and Finance Corporation (REFCO), a subsidiary of the Royal Bank of Canada, of more than \$50 million by selling it telephone call receivables which they claimed to have purchased from a California company, but which were, in fact, fictitious. The charges were brought in a 22-count federal grand jury indictment, which was returned on Feb. 27 and unsealed today following the arrest of Baretz, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, together with Thomas J. Kneir, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, and James W. Martin, Special Agent-in-Charge of the Criminal Investigation Division of the Internal Revenue Service in Chicago.

Baretz, 57, 15 South Deer Park, Highland Park, was arrested today without incident. He was scheduled to appear at 3:15 p.m. today before U.S. Magistrate Judge Arlander Keys in U.S. District Court. Reynolds, 36, of the Boston area and formerly of Naperville, and Daniel T. Zapton, 59, 603 Elm St., Winnetka, will be ordered to appear for arraignment at a later date in Federal Court. All three defendants were charged with one count of money laundering conspiracy, 7 counts of money

laundering and 14 counts of wire fraud. The indictment also seeks forfeiture from Baretz alone in the amount of \$54,945,000.

“The international financial industry depends to a large extent on the accuracy and integrity of financial information relied on by lenders and investors. Those who knowingly traffic in false information cause financial harm that can damage an industry important to everyone’s prosperity,” Mr. Fitzgerald said.

According to the indictment, Baretz was the president of both Oxford and a Canadian factoring company, Plymouth Capital Corp., in Toronto, for which Oxford acted as an agent. On behalf of Plymouth, Oxford would buy telephone call receivables from a California company called Integretel, based in San Jose. A telephone call receivable is a debt created when a caller places a telephone call to be paid for later, such as a call to a 900 number. The debt is an account receivable to the information provider and Integretel bought and sold the receivables between the information provider and various telephone companies. Again, acting as agent for Plymouth, Oxford would purchase and re-sell these telephone receivables to REFCO at a discount from their value.

The indictment alleges that, beginning in approximately December 1995, the defendants first inflated the number of receivables being sold to REFCO, and, after August 1997, sold REFCO only fictitious receivables after Integretel stopped selling receivables to Plymouth. Between December 1995 and April 1998, the defendants submitted to REFCO for purchase, fictitious gross receivables totaling more than \$400 million, according to the indictment.

In order to cover-up the fact that the receivables they were selling to REFCO did not exist, the indictment alleges that the defendants borrowed money from Integretel to simulate payments on genuine receivables, counterfeited invoices to provide accounting back-up for fictitious transactions, and by a variety of excuses prevented REFCO from obtaining financial information of Integretel as required by their agreement with REFCO. The money laundering conspiracy count alleges that the

defendants engaged in financial transactions involving more than \$290 million, and the defendants allegedly caused a loss of more than \$50 million in U.S. currency to REFCO as a result of the alleged fraud scheme. The indictment alleges that the defendants used the fraud proceeds not to purchase telephone company receivables as they represented to REFCO, but to repay loans from Integretel, known as “sweeps,” to make personal expenditures for the benefit for Baretz, and to serve as working capital for Oxford.

The government is being represented by Assistant U.S. Attorneys Gillum Ferguson and Christopher Niewoehner.

If convicted, the charges carry the following maximum penalties on each count: conspiracy and money laundering – 20 years imprisonment and a \$500,000 fine; and wire fraud – 5 years imprisonment and a fine of \$250,000. As an alternative maximum fine, the Court may order a fine totaling twice the gross loss to any victim or twice the gain to the defendant, whichever is greater. Restitution is mandatory. The Court, however, would determine the appropriate sentence to be imposed under the United States Sentencing Guidelines.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the United States has the burden of proving guilt beyond a reasonable doubt.

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